Automotive News

November 21, 1988

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Squeezing turnips at Ford

Production strategy getting put to test

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

One of the most pressing questions facing Ford Motor Co. — whether to build a new assembly plant — is taking on new urgency as Ford winds up another successful year.

Continued demand for Ford cars and trucks has put the company's production strategy to a test. With the addition of a second shift at its Michigan Truck plant this month, Ford has moved a step closer to filling up its existing plants.

As it weighs its decision, Ford is confronted with a host of questions regarding quality, worker well-being and other issues that have helped define the company.

Arguing against a new plant is the specter of laid-off workers and idle facilities in the next downturn. Such a scenario would also challenge Ford's cherished status as the Big 3's low-cost producer.

Yet its current course hasn't silenced dealers' cries for more product. Ford is building nearly 20 percent of its vehicles on overtime, a practice that is straining workers and, in the view of some analysts, jeopardizing strides in quality.

The demand for more product is most acute on the truck side. Ford officials admit that shortages probably have cost the company market share. Some constraints have begun to ease as supplies of automatic transmissions and other components have increased.

As it struggles with demand from its own dealers, Ford will have to identify additional assembly space as it prepares to build

see STRATEGY page 70

HIDDEN IMAGE

Rounded styling in the proposed Jeep Cherokee replacement recalls for Chrysler Corp. Chairman Lee Iacocca the Ford Mustang sales slide after redesigns

Chrysler prepares for '90s

Iacocca outlines product priorities, global plans

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — To position itself for the 1990s, Chairman Lee Iacocca said Chrysler Corp. has established its three top product priorities for the early 1990s, that it will attempt to become a global player, and is likely to invest in non-automotive acquisitions, especially defense.

Iacocca said in an interview that he would like to see a doubling in size of the company's component-making Acustar subsidiary.

Iacocca also said he is hopeful Chrysler's relationship with Fiat will expand beyond the marketing of Alfa Romeo vehicles in the United States and that ventures with Renault are likely to include production of Jeeps because of demand in Europe.

Renault and Chrysler have been studying a plan to build a new four-wheel-drive sport-utility vehicle smaller than current Jeeps, according to company sources in Europe and the United States. Still to be settled is whether the vehicle would be built in Renault's Portugal factory, in another Renault facility or by another joint-venture partner.

In addition, Iacocca said Chrysler is readying a move into South America, probably with joint ventures assembling Jeep kits.

Iacocca also said Chrysler is considering a third minivan source and is studying the possibility of adding "brick and mortar" to the St. Louis No. 2 assembly plant, which produces 160,000 minivans annually.

He also said Chrysler is considering adding a second plant for Jeep Cherokee and mentioned the former American Motors plant in Bramalea, Ontario, which is now underutilized with Eagle Premier production. Cherokees are currently built in Toledo, Ohio.

"When we bought American Motors, they were concerned about staying in business, so they weren't thinking about a second Cherokee plant. We are Bramalea, for example," Iacocca said.

He also said Chrysler at one time tried to purchase from Renault only Jeep, not the entire AMC.

"We once asked them, would they sell us Jeep alone, and they said no," Iacocca said. "Then they said, maybe Jeep and Mack truck combined. Mack they own also. We played around with that."

Chrysler ended up purchasing AMC in August 1987.

Iacocca said that General Motors appears to be regaining its former strength.

see IACOCCA, page 72

14% hike set in car build for early '89

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

Domestic automakers will begin the new year with a hefty first-quarter production schedule of 1.94 million cars — 14 percent more than they built during the first quarter of 1988.

Their first-quarter optimism accompanies an increase by Ford Motor Co. and, to a lesser degree, by Chrysler Motors in their production schedules for the remainder of this quarter. Even General Motors, which typically dramatically scales back its rosy production schedules as each quarter progresses, cut its fourth-quarter production plan only 2 percent from its late-September projection.

The industry's fourth-quarter schedule now stands at 1.91 million cars — 9 percent more than all domestic cars produced in the last quarter of 1987.

The nine U.S. automakers now expect to build 7[illegible] million cars this calendar year — virtually the same number as last year.

Most bullish about the first quarter of 1989 is GM, which has scheduled 21 percent more cars than it built in the 1988 quarter.

FIRST QUARTER AUTO PRODUCTION
1989 forecast vs. 1988 actual

	1989	1988	% change
GM	931,000	771,829	+20.62
Ford	474,000	479,268	– 1.10
Chrysler	272,000	261,480	+ 4.04
Honda	99,400	92,150	+ 7.86
NUMMI	45,000	41,736	+ 7.82
Nissan	30,000	20,334	+47.54
Mazda	61,500	16,362	—
VW	0	17,284	—
Toyota	22,000	0	—
Diamond-Star	10,000	0	—
Industry	1,944,900	1,700,404	+14.38

Its current schedule for the fourth quarter will leave it with at least a 90-day supply on Jan. 1, predicted auto analyst Mike Luckey of Luckey Consulting Group Inc., Cresskill, N.J. That means it will have to cut its current first-quarter forecast, offer major incentives or do both, he predicted.

Thomas O'Grady, Integrated Automotive Resources, said GM's first-quarter production forecast indicates the company "appears to be on the verge of a market-share attack."

O'Grady said he expects GM to cut back a bit from this early schedule but that GM will continue an ag-

see FORECAST, page 72

SPAIN: *Car sales double since '85 in 'California of Europe'*

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

In the last three years, the new-car market in Spain has grown at a rate unprecedented in the global auto industry since Word War II.

Modern plants, a successful export program and a car-hungry population have fueled the boom.

Since 1985 Europe's fifth largest car market has nearly doubled from just over 500,000 units to about a million expected in 1988.

Most European observers expect the market to grow another half-million by 1995, an increase of a million or 200 percent in 10 years.

But some think the real surge in Spain will come in 1992 when Spain's new Common Market status spawns wide-open competition in a long-insulated market. Some analysts think the market will settle in at 2 million units annually.

To prepare, importers today are eating Spain's high tariffs in an effort to build market share and dealer networks.

Japanese makers, all but barred from the country by tight import restrictions, are considering manufacturing bases in low-cost Spain, and Spanish carmakers are gearing up to become major exporters.

And there are still other visions of Spain's role in the European auto industry.

see SPAIN, page 29

Spanish sales soar

AUTOMOTIVE NEWS / C. WINTER

Leaders see '89 sales dip, but no panic

AUTOMOTIVE NEWS ROUNDUP

New-car and -truck sales in the United States in calendar year 1989 will decline from 300,000 to 900,000 units, based on forecasts by officials of U.S. auto companies, the National Automobile Dealers Association and the UAW.

Forecasts for next year range from 14.9 million to 15.3 million units. Calendar-year 1988 sales are expected to come in at 15.6 million to 15.8 million units.

The officials, who delivered their forecasts in exclusive interviews in

see PREDICTIONS, page 40

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GM alters salaried pay plan Page 3
Executives change at European makers Page 6

Trade pact hinges on Canadian voters

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Automakers are keeping a close eye on today's parliamentary election in Canada. Canadian voters will decide whether to approve a sweeping Free Trade Agreement with the United States, or tear it up.

Also watching the vote closely will be Michigan Gov. James Blanchard and the UAW, following last week's rejection by the U.S. Trade Representative of Blanchard's trade case over Canada's duty-remission program.

The issue has dominated the debate between the Progressive Conservative government of Brian Mulroney and the Liberal and New Democratic opposition. It was approved by the U.S. Senate earlier this year.

Mulroney calls the pact a tremendous economic opportunity to expand U.S.-Canadian trade and the Canadian economy, while his detractors have accused the prime minister of signing away Canadian sovereignty. U.S. automakers see the Free Trade Agreement as an important resolution to a major trade complaint against the Canadian government.

Because U.S. negotiators were able to win Canadian concessions in the Auto Pact governing motor vehicle trade — the phased elimination of tariffs on auto parts and an agreement to limit transplant participation in duty-free trade between the two countries for 10 years — the Big 3 decided to drop their demands that Canada end a duty remission program of benefit to foreign-based automakers investing in Canada.

The program allows Canadian transplants to earn tariff rebates in exchange for using Canadian-value-added content and for exporting Canadian production.

The program, which is viewed as an illegal government subsidy by the U.S. industry, was challenged by Michigan's Blanchard. The complaint was thrown out last Wednesday, according to James Callow, a legislative aide in Blanchard's Washington office.

"They gave us two reasons," Callow said. "First, the governor did not have standing and second, they said the Free Trade Agreement took care of the issues addressed in the complaint."

Callow said Blanchard hasn't decided what he will do and that a decision will most likely be made after the Canadian election.

The UAW said it was willing to sign on to the Blanchard complaint if it was rejected on the grounds that the governor did not have standing to bring the action.

However, the union had not done so as of last week.

"As you know, the UAW has never been happy with the FTA," UAW economist Steve Beckman said. "Both sides should realize we have had trade problems with Canada in the past, we have trade problems with Canada now, and we will have trade problems with Canada in the future. The FTA is not going to eliminate trade disagreements between our two countries."

If such a trade case is successful, it could result in the imposition of penalty tariffs against Canadian imports to the United States, or quotas on Canadian imports here.

U.S. auto parts producers oppose the Free Trade Agreement because it does not immediately eliminate the duty remission program.

"If the FTA is ripped up as promised, we will have a vastly changed situation," said Steve Collins, director of international affairs for the Motor Vehicle Manufacturers Association. Collins, who advised U.S. negotiators on the automotive sections of the Free Trade Agreement, said Canada's failure to ratify the Free Trade Agreement might cause one of the Big 3 to join the Michigan complaint.

While Collins said that such an outcome was uncertain as of last week, he said U.S. automakers will have to reassess their relationship to Canada if the Free Trade Agreement is scrapped.

"If the Big 3 sign on to the duty-remission complaint, it is going to be very difficult for the U.S. government to ignore," Collins predicted.

GLENN TWEIT

Campbell: "Over the next three to four years, you will see three shifts"

Fiero plant may live

Campbell cites bid for Camaro/Firebird

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

WARREN, Mich. — General Motors has turned down all proposals from outsiders to resurrect the assembly plant that once produced the Pontiac Fiero, but the plant remains in the running for a future GM product.

David Campbell, vice president of manufacturing at the Chevrolet-Pontiac-Canada Group, said the Fiero plant, in Pontiac, Mich., is among four bidding for production of the next-generation Pontiac Firebird and Chevrolet Camaro. Also in the bidding is GM's plant in Van Nuys, Calif., which now produces those models.

A number of outside companies had presented proposals to acquire or operate the Fiero plant and build a vehicle based on the Fiero's space-frame body.

A decision on where the 1992 Firebird and Camaro will be built will be made in March, Campbell said. Only one plant will be needed.

He said the decision will be based on each plant's record of quality and quality improvement, productivity improvement and its union-management relationship.

The Fiero plant, which was closed in August because of slumping sales, had been held up as a model of union-management relations, and it consistently scored high in GM's internal audits for product quality.

Freight also has become a key factor in product-sourcing decisions because of skyrocketing rail rates, Campbell said. "A plant like the Fiero plant has a tremendous advantage over Van Nuys in freight, because it's located not just in the center of GM activities but also in the center of the supplier base," he said.

Working against the Fiero plant is its capacity. When running flat

see CAMPBELL, page 70

GM alters salaried pay plan

Forced ranking discarded for '89

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — General Motors will retain the performance-based pay structure for its 110,000 U.S. salaried employees, but will scrap the employee-ranking process that went along with it.

F. Alan Smith, GM executive vice president, said establishment of the so-called forced-ranking system that was used to determine salaried pay increases did not foster the spirit of teamwork GM's top executives had hoped to achieve.

"It had the opposite effect we intended," Smith admitted.

Under the 1988 ranking system, 10 percent of the employees within each unit didn't quality for a pay raise. Included were those who already were at the top of their pay range. Another 10 percent were eligible for top pay increases. Another 25 percent were grouped in the next highest category, and 55 percent received a basic pay hike.

Salaried workers, many of whom are organized into teams, complained about the forced ranking, charging that it failed to reward a team of workers for achieving or exceeding a set goal.

In 1989, the forced-ranking structure will be discarded.

Salary ranges for GM's eight pay levels for non-executive employees, based on the comparisons with pay at other companies, will be maintained, Smith said.

Managers will be encouraged to keep most employees toward the middle of the ranges. They also will be required to make sure salary levels within their organization are competitive.

"What we're really doing in changing the system is providing more leeway to the individual unit manager to decide what is appropriate for his business," Smith said. "It may be very different in Kokomo, Ind., making electronic chips than in Rochester, N.Y., making injector valves. Central office will not try to administer it and force everybody to fit into the structure."

Smith said there are no inherent flaws in the system, but that GM tried to institute it in too short a time: "I would say what we did not do very well last spring was to shift gears with our employees. We didn't discuss it long enough, thoroughly enough or well enough."

The two proponents of the 1988 plan, including the forced-ranking system, have left GM. Former Executive Vice President Elmer Johnson, whose responsibilities were assumed by Smith, and Roy Roberts, vice president for personnel, both left GM last summer. Johnson returned to his Chicago law firm; Roberts resigned to take an executive post with Navistar.

GM will announce its 1989 salary pay structure to employees by year-end. It has not said how much money has been set aside this year for pay raises.

In 1988, GM set aside 2.5 percent of its salaried payroll for merit increases plus 3.5 percent for recognition awards. GM does not disclose dollar amounts.

Megadealers queried on loan packaging

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

TORRANCE, Calif. — Several megadealers may band together to package their own consumer auto loans into investment-grade commercial paper.

First Boston Corp., a New York-based investment bank, pioneered the public sale of $100 million worth of 48-month consumer car loans in 1986, packaging paper issued by major automakers' financial arms much the same way individual home loans are packaged by federal agencies.

Now, First Boston is considering setting up a dealer acceptance corporation with a board of megadealers, Ed Pasini, a partner at Peat Marwick Main & Co., said at a Society of Automotive Analysts meeting.

Most dealers don't carry their own paper but sell it to a third party, often the financial arms of major automakers such as General Motors Acceptance Corp. or Ford Motor Credit Co., which administer loans and collect monthly payments.

"First Boston's experience is that very large amounts of 48-month loans are very predictable and can be sold as AA or AAA paper," Pasini said.

The appeal to dealers is having a guaranteed availability of credit to consumers. Pasini said the possibility of setting up a system is being eyed as a means of avoiding a repeat of 1981-82 when many banks pulled back from auto financing.

He also said there is appeal for multi-brand dealers because it eliminates having to deal with many different financing companies.

However, the dealer-run acceptance company probably would negotiate a fee for automaker financing arms to administer the loans.

Peat Marwick, a public accounting firm, and First Boston surveyed about 25 of the largest multi-point auto dealers with net sales of $250 million or more to see if there was an interest in accounting and financial services for dealers who might be going public. Pasini said the dealer acceptance corporation idea was warmly received.

Giving credence to Pasini's theory was last week's announcement by First Interstate Bank of California that it is phasing out car loans offered through dealers.

A spokesman said the bank will continue to make car loans directly to consumers. But, he said, it is getting out of the business of so-called indirect loans because competition from finance companies associated with the big automakers has made it unprofitable.

Over a period of about two years, First Interstate will close 14 centers throughout the state that offer dealer loans, first consolidating the business at its Pasadena center and eventually phasing out the operation. The bank has a portfolio of $1.6 billion in loans made through dealers.

In recent years, low interest rates offered as sales incentives by such automaker-affiliated companies as GMAC have hurt the profitability of the First Interstate operation, a spokesman for the financial institution said.

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U.S. takes a look at Japan quota's impact on U.S.

WASHINGTON — The U.S. International Trade Commission will investigate the economic impact of Japan's voluntary restraints on auto exports as well as other trade restrictions on the U.S. economy.

The fact-finding investigation is being conducted at the request of the Senate Finance Committee and will focus on the effects restraints have on consumers, the output and profits of U.S. corporations, the income and employment of U.S. workers and the net economic welfare of the United States.

The study will be reported in phases. The first phase will deal with manufactured products and is scheduled to be completed next fall. Two other reports will follow: one on agriculture and natural resources, the other on services.

Wheels for the chief exec
Allen Coachworks stretched a Lincoln Town Car 28 inches to come up with its CEO Formal limousine. Compartmental heating and air conditioning and gooseneck reading lamps are standard. Allen Coachworks, Laredo, Texas, is a 20-year veteran of the limo business.

Car sales in high gear; up 33% for Nov.1-10

By Philly Martha
AUTOMOTIVE NEWS STAFF REPORTER

Early-November domestic-car sales climbed 33.63 percent over last year's weak 10-day period.

Deliveries also surpassed early-October's sales surge of 21.60 percent.

Six of the seven U.S. carmakers reported hefty increases in early November, bolstered by a new batch of incentives ranging from round-trip airline tickets to a year's supply of gasoline. Only Nissan reported lower sales of its U.S.-built cars.

Last year's lackluster Nov. 1-10 sales period reflected the end of cleanup incentives and more cautious spending patterns following the Oct. 19 stock market collapse.

DOMESTIC SALES

	Nov. 1-10, 1988	Nov. 1-10, 1987
Eagle	1,398	450
Chrysler	5,840	7,397
Plymouth	7,457	6,249
Dodge	12,119	7,725
Chrysler Motors	26,812	21,821
Ford	40,135	27,424
Mercury	11,163	9,736
Lincoln	5,977	3,717
Ford Motor Co.	57,275	40,877
Buick	14,695	10,005
Cadillac	6,637	5,822
Chevrolet	33,254	24,725
Oldsmobile	16,010	12,970
Pontiac	17,642	13,842
General Motors	88,238	67,364
Volkswagen	—	641
Honda	10,699	6,425
Nissan	1,475	1,723
Toyota	1,421	656
Mazda	601	68
U.S. Industry Total	188,521	139,575

This year, the domestic industry delivered 186,521 cars, up from 139,575 in 1987. The daily selling rate for the period was 20,725, or 18.79 percent ahead of the 17,447 rate last year at this time. This year's period had nine selling days; there were eight a year ago.

In the first 10 days of this month, Ford Motor Co. sold 40.12 percent more cars than one year ago, and Ford Division sales rose 46.35 percent.

General Motors delivered 30.99 percent more cars than it did a year ago, with each of its car divisions reporting increases. Buick delivered 46.87 percent more cars and Pontiac's sales climbed 27.45 percent over last year's equivalent 10 days.

Chrysler Motors sold 22.87 percent more domestic cars in the period, although Chrysler Division car sales dropped 21.05 percent compared to a year ago.

Honda's transplant sales surged 66.52 percent in the 10-day period, and Toyota's transplant sales more than doubled. Mazda, which began reporting sales of U.S.-built cars late last year, sold 601 cars in the first 10 days of November, compared with 68 a year ago.

Only Nissan reported a decline. Its U.S.-built car sales were off 14.39 percent from a year ago.

U.S.-built light-truck sales totaled 109,229 in early November, up 22.61 percent from 89,090 last year. All four producers advanced. GM reported the biggest sales gain, 38.64 percent, while Ford had the smallest gain: 10.02 percent. Chrysler delivered 16.61 percent more trucks and Nissan's transplant truck deliveries rose 23.27 percent.

Sales of U.S.-built cars and light trucks for the first 10 days of November were 295,750, up 29.34 percent from last year's 228,665.

General Motors sold a third more cars and light trucks in the first 10 days of November this year. GM dealers reported their best model-year start in four years, according to C.N. "Bud" Moore, vice president — customer sales and service staff. He said light-truck deliveries broke a record set 10 years ago.

Ford Motor Co.'s combined car and truck deliveries were up 26.64 percent. Chrysler Motors' car and light-truck sales rose 19.83 percent. The combined car and light-truck sales from Nissan's Smyrna, Tenn., operation gave the Japanese transplant a 3.68 percent edge over the equivalent year-ago period.

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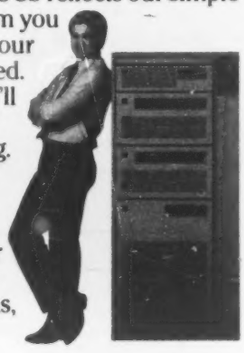

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SERVICE MANAGEMENT

1988 called year of major gains for specialty equipment

By Wes Raynal
AUTOMOTIVE NEWS STAFF REPORTER

The specialty equipment market, spurred by consumer demand, is expected to grow more than 14 percent this year and maintain that level in 1989.

That is the prediction of the 1989 Market Study by the Specialty Equipment Market Association.

It said the industry sold $1.7 billion worth of specialty equipment in 1985, $1.9 billion in 1986 and $2.1 billion in 1987. SEMA predicted that 1988 sales will total $2.4 billion.

Auto manufacturers, likewise, expect to see more aftermarket-based equipment appear on production vehicles, further increasing demand.

Richard Amacher, manager of special product development for Chevrolet, said the aftermarket industry is important to automakers. "It's egotistical for us to think we can do it all," he said.

Amacher said the growth of the aftermarket industry will continue because it uses production vehicles as a base. If a consumer likes an item for a Chevrolet better than a similar item for a Ford, it may influence his purchase decision.

He said the automakers will continue to tap that market.

Chevrolet is particularly interested in the specialty equipment industry, he said, because much of the money spent by car enthusiasts is for equipment for Chevy's small-block V-8.

Mark Reynolds, Mopar Performance manager of service and parts operations at Chrysler, said exhaust headers are a good example of an aftermarket product now seen on many production vehicles.

Production models like the Pontiac McLaren Grand Prix Turbo, the Ford Mustang GT, the Chevrolet Beretta GTU and the Toyota Corolla GTS feature performance, appearance or handling products that were offered in early aftermarket body kits.

Low-profile tires, sunroofs, power windows and cruise control — now common in dealership showrooms and repaired in service departments — all started in the aftermarket. Light- and medium-duty trucks also feature performance and off-road equipment that began in the aftermarket.

AUTOMOTIVE NEWS/WES RAYNAL

This Trans Am has appearance and performance components like those available in the aftermarket

"The aftermarket can often come to market with a product faster than we can because of shorter leadtimes," Reynolds said.

He also noted that quality can suffer because of those shorter leadtimes.

"We (the auto manufacturers) must make our products last; the aftermarket sometimes does not meet the durability requirements we have," he said.

The SEMA study said performance tires designed to improve vehicle performance, appearance or handling have been the hottest-selling specialty equipment product in 1988. Custom wheels are second, and tire and wheel combinations together account for almost 40 percent of all specialty equipment sold.

Engine parts for both performance and appearance are third in 1988 sales.

Just as manufacturers are adapting aftermarket-based equipment to new cars, SEMA's study shows that vehicles less than two years old are generating a great deal — 16.4 percent — of aftermarket performance purchases.

Vehicles 11 years old or older generate the lion's share — 50.3 percent — of specialty equipment purchases, although less than 10 percent of all vehicles registered in the United States are that old, according to SEMA.

SEMA's study also found that the amount of money spent on specialty equipment for imported vehicles doesn't reflect the number of imports on the road.

The study said that one in five vehicles registered in the United States is an import, while just 12.1 percent of the money spent for specialty equipment is for imports.

The study said that purchase motivation comprises a number of factors. Where the product is made, brand name and price are all important to the consumer.

A "Made in U.S.A" label was found to be important to specialty equipment buyers. SEMA said that 86.3 percent of buyers called that label important or very important in product selection.

SEMA said that U.S.-made products increase in importance as the amount of equipment purchased increases. Consumers who spend the most money on aftermarket equipment are those who believe that it is important to purchase U.S.-made products.

The brand name of a product is a significant purchasing factor, more so among those buying specialty equipment than those buying in the overall aftermarket. SEMA classifies specialty equipment as products that are purchased on a discretionary basis (such as aluminum wheels) while the overall aftermarket consists of parts purchased in order to keep a vehicle operational.

Reynolds said the demographics of the SEMA study fit exactly what Chrysler is trying to accomplish.

"What drives these buyers, things like brand loyalty, buyers shopping not based on price only, is great for us (Chrysler). We want people to buy our products because we made them, because people believe we make quality products, not because we're cheapest," he said.

Specialty equipment customers are getting older and more affluent, according to SEMA. These older buyers, it said, are generally not do-it-yourselfers and want equipment to be installed by technicians.

SEMA asked specialty equipment manufacturers what is needed to increase competitiveness and expand in their market. The manufacturers said their biggest challenges are keeping product quality high and maintaining innovation.

Surveyed manufacturers also were concerned with keeping their prices competitive and improving manufacturing and distribution efficiency.

The SEMA Market Study findings were compiled from an analysis of consumers, retailers, performance warehouses, manufacturers and market trends.

SEMA used mail questionnaires, telephone surveys, personal interviews and background research. Lang Market Resources Inc. conducted the research and wrote the report. A total of 151 manufacturers were surveyed, and 1,000 consumers responded to questionnaires.

Shop volume rises after dip in July

Upturn in August termed 'seasonal'

By Wes Raynal
AUTOMOTIVE NEWS STAFF REPORTER

Service and parts volume at new-car dealerships was down in July but rebounded in August compared to the year-ago months.

In July, shop volume was down 0.7 percent compared to July 1987, according to the Automotive News Service Index. Shop volume in August was up 11.2 percent compared to August 1987.

Dealers cited seasonal reasons for the August uptick. A dealer in the Northeast was one of many who said his volume was up in August because the unusually hot weather prompted an increase in cooling-system work. A dealer in the Northwest said he serviced more cars for tourists in August.

Gross profit in July was up 0.2 percent compared to July 1987 and up 15.7 percent in August compared to August 1987.

The number of repair orders written was down 8.0 percent in July but was up 2.7 percent in August compared with the 1987 months.

Labor sales (customer paid and warranty) were down 3.0 percent in July and up 8.0 percent in August compared to 1987.

Shop parts used on repair orders were up in both months, 5.0 percent in July and 14.0 in August.

Finally, sales of all parts and accessories were up 2.2 percent in July and 15.8 percent in August compared to the 1987 months.

SERVICE INDEX
99.3*

	July, '88 vs. July, '87	7 mos., '88 vs. 7 mos., '87
Gross Profit on All Labor and P&A Sales	+0.2%	+7.3%
Repair Orders Written	−8.0%	+0.2%
Total Labor Sales (Customer & Warranty)	−3.0%	+8.1%
Shop Parts Sales (Customer & Warranty)	+5.0%	+8.4%
Sales of All P&A	+2.2%	+7.5%

* Survey by Automotive News shows that dealers' service and parts business in July 1988 was 99.3 percent of business in July 1987. Service business in the first 7 mos of 1988 was 105.5 percent of business in the corresponding period in 1987.

SERVICE INDEX
111.2*

	August, '88 vs. August, '87	8 mos., '88 vs. 8 mos., '87
Gross Profit on All Labor and P&A Sales	+15.7%	+7.6%
Repair Orders Written	+ 2.7%	+0.4%
Total Labor Sales (Customer & Warranty)	+ 8.0%	+6.2%
Shop Parts Sales (Customer & Warranty)	+14.0%	+7.0%
Sales of All P&A	+15.8%	+8.0%

* Survey by Automotive News shows that dealers' service and parts business in August 1988 was 111.2 percent of business in August 1987. Service business in the first 8 months of 1988 was 106.9 percent of business in the corresponding period in 1987.

GM picks Techline as shop-systems tag

General Motors' new service technology group will market its Computerized Automotive Maintenance System and other advanced diagnostic service and service information retrieval systems under the trade name Techline.

Techline equipment will be offered as a series of tools ranging from the Tech 1 hand-held diagnostic tester to the top-of-the-line $20,000 CAMS diagnostic terminal, now labeled Tech 100.

In addition, a basic service information retrieval system, which allows GM service personnel to look up service bulletins electronically, will be marketed to independent repair shops by Sun Electric Corp., Crystal Lake, Ill., under the Expertec name.

Sun will also market related training materials to independent repair shops.

Crane acquires Allison

Crane Cams of Daytona Beach, Fla., manufacturer of aftermarket auto parts, has purchased Allison Automotive of Monrovia, Calif.

Financial details were not disclosed.

Allison Automotive manufactures ignition systems, timing control computers and spark plug wires for use in drag racing, stock car racing and high-performance street models.

At the recent Specialty Equipment Market Association show, Crane introduced its new Engine Management System. Company officials said it can be used to replace the original-equipment engine control computer, allowing higher performance while maintaining legal emissions levels.

SHOP TALK

WES RAYNAL

Crane also introduced Compu-Cam, a line of computer compatible camshafts designed specifically for cars equipped with engine control computers.

The camshafts provide better performance while allowing the engine to maintain proper manifold vacuum pressure and idle speed, the company said.

Allison entered the market in 1971 when it introduced the XR-700 ignition system, an electronic system for high-performance applications.

Allison's ignition systems include XR-1000, XR-2000 and XR-3000, all for high-performance street applications. Allison also makes the DMS-6000, a system strictly for racing, and the DTC-2000, a driver-adjustable timing-control unit.

IBM and Ford link

IBM has developed a fully automated manufacturing process to assemble instrument clusters at Ford Motor Co.'s Saline, Mich., plant.

It was developed by IBM's systems integration division.

The process is called the Automated Logistics and Production System.

IBM said it can assemble 5,000 instrument clusters a day.

The clusters are assembled at 10 work stations in two assembly modules.

A worker loads the cluster backplates onto carriers that transport them to a stacker. The stacker keeps count of the inventory of backplates while transporting them to the robotic workstations for assembly.

Next, robots insert light bulbs and clips into the backplate; another robot installs fuel, speed and engine temperature gauges; yet another robot attaches the lenses; and a final robot screws the cluster together.

The robots use integrated and tactile sensors that can "see and feel" parts.

The system can be programmed to handle the manufacture and testing of other assemblies as well.

New leak detector

Spectronics Corp., inventor of fluid-leak detectors, has introduced a new leak-detection device called Spectroline ALD-80.

The ALD-80 uses Spectroline's new black light, the BIB 120. Spectronics says that the ALD-80 weighs 2½ pounds and has a self-contained power unit.

Traditional black lights normally use an external transporter for power and are heavier.

The kit retails for $279.

October truck sales by manufacturer and segment

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1988	TOTAL 1987
CHRYSLER-PLYMOUTH	MO	16,575						16,575	15,008
	YR	177,550						177,550	123,952
DODGE	MO	40,334						40,334	41,486
	YR	470,538						470,538	470,398
JEEP	MO	22,435						22,435	17,297
	YR	209,114						209,114	167,321
TOYOTA	MO	18,160						18,160	22,211
	YR	210,043						210,043	250,234
NISSAN	MO	11,332						11,332	17,984
	YR	142,980						142,980	185,113
MAZDA	MO	6,122						6,122	7,591
	YR	81,136						81,136	106,292
ISUZU	MO	8,311						8,311	7,055
	YR	73,480						73,480	76,581
MITSUBISHI	MO	3,411						3,411	4,751
	YR	36,877						36,877	43,205
SUZUKI	MO	1,493						1,493	5,916
	YR	52,010						52,010	71,175
SUBARU	MO	0						0	78
	YR	10						10	1,251
RANGE ROVER	MO	287						287	329
	YR	2,814						2,814	1,878
FORD	MO	115,447	1,977		646	2,601	1,152	121,823	117,669
	YR	1,224,223	16,703		9,333	30,289	12,204	1,292,752	1,218,175
FREIGHTLINER	MO						2,748	2,748	2,168
	YR						19,914	19,914	19,606
CHEVROLET	MO	114,866		26	806	797		116,495	94,790
	YR	1,120,287		203	6,451	7,993	273	1,135,207	1,001,895
GMC	MO	28,727		524	533	890		30,674	25,746
	YR	297,438		4,366	10,373	13,057	1,090	326,324	291,757
KENWORTH	MO					30	1,464	1,494	1,240
	YR					381	13,691	14,072	11,827
MACK	MO				193	256	1,864	2,313	1,820
	YR				1,609	2,184	17,789	21,582	19,798
MERCEDES	MO				72	142		214	384
	YR				924	1,613		2,537	3,276
NAVISTAR	MO		49	24	1,621	3,596	3,937	9,227	8,377
	YR		238	289	15,290	27,896	28,905	72,618	62,070
PETERBILT	MO					60	1,538	1,598	1,238
	YR					309	13,255	13,564	10,279
VOLVO	MO					102	1,564	1,666	1,320
	YR					1,204	12,689	13,893	10,311
HINO	MO			43	55	154		252	150
	YR			524	434	841		1,799	1,589
NISSAN DIESEL	MO	16		56	24	57		153	168
	YR	19		619	250	821		1,709	1,379
ISUZU TRUCK	MO	319	73	21	33	49		495	451
	YR	3,693	379	121	701	366		5,460	4,648
MITSUBISHI FUSO	MO	138		43	12	37		230	272
	YR	1,243		431	194	512		2,380	1,356
SCANIA	MO						10	10	11
	YR						132	132	129
IVECO TRUCKS	MO	297	88	40	22			447	204
	YR	1,305	593	300	142			2,340	2,265
WESTERN STAR	MO						108	108	152
	YR						1,216	1,216	1,195
OTHER DOMESTICS	MO				1	49	38	88	147
	YR				32	49	684	765	1,065
GRAND TOTAL	MO	368,270	2,187	777	4,018	8,820	14,423	418,495	395,563
	YR	4,104,960	17,913	6,853	45,733	87,515	121,842	4,384,816	4,172,020
1987 YR to DATE		3,932,703	785	6,983	35,488	85,653	109,708	4,172,020	

NOTE: Class 3 total includes 48 Subarus sold in October 1987; also, 10 Subarus sold for 10 months of 1988 and 1,251 sold for 10 months of 1987.

Trucks hit Oct. record

Makers are on road to new yearly high

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

U.S. retail truck sales in October recorded a new monthly high, with all industry weight classifications except one showing gains over last year.

The October performance also kept the industry on track for a new calendar-year high.

Retail truck sales totaling 418,495 in October were up 5.79 percent from 395,563 a year earlier.

For the 10-month period, the industry total of 4,384,816 was up 5.10 percent from 4,172,020 in like 1987.

For the month, Class 1-3 light-duty sales of 388,270 were up 4.49 percent from 371,575 a year ago, according to Automotive News' tabulations based on manufacturers' reports.

Class 4-7 medium-duty sales of 15,802 were up 22.18 percent from 12,933 last year, according to the Motor Vehicle Manufacturers Association.

Class 8 heavy-truck sales of 14,423 were up 19.64 percent from 12,055 a year earlier, MVMA said.

In the medium segment, Class 4, bolstered by Ford's Super Duty models, continued to score the biggest gains. Class 4 sales totaled 2,187 compared with only 142 in the same month a year ago.

Class 5 sales, bolstered by newer Japanese entrants, nearly doubled. They totaled 777 compared with 421 in the like year-earlier period.

Class 6 sales came in at 4,018, up from 3,393 in like 1987.

Class 7 was the only segment recording a decline in October. The segment has been particularly disappointing in view of the new "Baby 8" models introduced within the past year, which, thus far, haven't done much to move the sales needle.

The segment produced 8,820 sales in October, down from 8,977 a year ago.

Class 8 heavy-truck sales surged ahead in October, after being somewhat restricted in the earlier sales period by the Ross steering gear recall. Generally, manufacturers had held up shipments on some new models in order to give priority to replacing defective components in trucks already on the road.

October's Class 8 sales of 14,423 surged 19.64 percent ahead of the 12,055 sales in the year-earlier period.

For the 10-month period, the industry retailed 4,104,960 Class 1-3 light-duty vehicles, a 4.38 percent increase over the 3,932,703 of like 1987.

During the same period, medium-duty sales of 158,014 were up 21.92 percent from 129,609 last year.

Class 8 sales of 121,842 were 11.06 percent higher than the 109,708 a year earlier.

David Healy, an analyst with Drexel Burnham Lambert, estimated Class 8 sales of about 145,000 for this calendar year and a drop to the 140,000-unit level in calendar 1989.

Healy also sees Classes 6-7 in the medium segment coming in at 156,000 this year, declining to 150,000 in calendar 1989.

GM's medium-duty truck for the '90s POPULAR MECHANICS-JIM DUNNE

All-new styling, with a more rounded front end, characterizes General Motors' 1990 medium-duty trucks, which go into production next fall. The Chevrolet Kodiak, shown here, and comparable GMC Top Kick have doors that wrap higher into the roof and more-slanted, aerodynamic windshields. They apparently will also have some plastic body panels. Among the engines offered will be Caterpillar's 3116 diesel, according to GMC.

Truckers seek axle rule change

The National Motor Carrier Advisory Committee has asked the Federal Highway Administration to consider truck manufacturers' recommendations to exclude the steering axle from calculations when applying the Federal Bridge Formula-B to vehicle combinations.

The committee advises the U.S. Department of Transportation on trucking industry issues.

The change would allow better placement of steering axles in short trucks hauling heavy loads, some truckmakers say. The advantages include a shorter wheelbase and improved steer angles, improved operator and service access, smoother ride and increased load-carrying capacity.

Ernst G. Stoeckl, Freightliner president and chief executive officer, said the object of the amendment is to allow operators to benefit from the selection of a steering axle placement that would optimize vehicle performance without changing the current bridge formula and avoid any detrimental affects on roads and bridges.

U.S. truck design and operations have been constrained since 1974 when the Federal Bridge Formula-B was enacted, forcing the steering axle to an extreme forward position to reach the allowed 80,000-pound GVW limit.

The Surface Transportation Assistance Act of 1982 liberalized overall length on federal highways but did not change the Federal Bridge Formula-B guidelines.

Manheim spends $7 million on auction in namesake city

Groundbreaking ceremonies were held recently for the construction of a $7 million facility in Manheim, Pa., for the Manheim Auto Auction.

The facility will house administrative offices, a cafeteria and 12 auction lanes northwest of the existing facility. It also includes an eight-lane drive-through registration area.

Manheim Auto Auction has operated continuously at this 69-acre site since 1948. A total of 28 acres is being improved to accommodate the new operation.

When completed next summer, there will be 45 acres of paved parking within the complex.

Greg Gehman, general manager, said the expansion is long overdue. "We are bursting at the seams under our current situation," he said. "This new facility will serve our expected increases in volume well into the next decade."

AUCTION BRIEFS

CHARLES THOMAS

ServNet elects officers

Alexis Jacobs, owner of Wednesday Auto Auction in Columbus, Ohio, has been elected president of ServNet, a nationwide cooperative advertising network of independent auto auction owners.

Also elected were Larry Tribble, owner of Southern Auto Auction, East Windsor, Conn., vice president; Chet Goins, owner of Auto Dealers Exchange of Indianapolis, vice president; Jeff Barber, owner of State Line Auto Auction in Waverly, N.Y., secretary; and Jake Hershey, owner of Pennsylvania Auto Dealers Exchange in York, Pa., treasurer.

ServNet was formed to provide a national network for independently owned auto auctions. It allows them to compete with auction chains.

Omaha auction debuts

Anglo American Auto Auctions has dedicated its new $8 million facility in Omaha, Neb. It will employ 165 people and have consignments of about 50,000 vehicles annually.

The new Omaha Auto Auction has five lanes, a restaurant, a 40,000-square-foot vehicle reconditioning center and 47 acres of vehicle storage lots. Cost of the facility is $8 million, and it is part of a $40 million construction and renovation program under way at several Anglo facilities across the nation.

Michael J. Richardson, Anglo American president, said the Omaha operation's profitability had warranted the investment.

Like all Anglo auctions, the Omaha facility protects dealers against false odometer readings. The plan guarantees that if a vehicle's mileage reading has been reduced, the selling auction will give the buying dealer a choice of a full refund or a cash settlement.

Smith opens auction

Dealers Auto Auction in Oklahoma City has opened under the ownership of Gary D. Smith, former owner-manager of Denver Auto Auction before its sale to GE Capital Auto Auctions.

The $5 million facility has four selling lanes, 30 paved acres and a reconditioning center. It opened earlier this month with 600 vehicles consigned and a selling rate of more than 50 percent.

Smith also owned the Dallas Auto Auction, Grand Prairie, Texas, before selling it to Anglo American Auto Auctions. Smith said he plans to keep his newest auction.

CalWest in business

CalWest Auto Auction held its grand opening last week with more than 500 cars consigned.

GE Capital purchased the two-lane auction in San Jose, Calif., in early September from a limited partnership that had turned the former truck depot into an auction.

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OHIO

Ohio Auto Auction. The Tuesday sale. 3905 Jackson Pike, Columbus, Ohio. Call 614-871-2771.

OHIO

Wednesday Auto Auction. Exit 49 on I-270, Columbus, Ohio. Every Wednesday. Call Area 614-497-2000.

OREGON

Portland Auto Auction. Fleet & lease accts welcome, repos, etc. The West's best. Call Rene, 503-286-3000. 3000 No. Hayden Island, Portland, Oregon 97217.

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PENNSYLVANIA

Todd Auto Auction, Old Route 309, P.O. Box 380, Telford, Pa. 18969. 215-721-1300 or 800-234-TODD. Next Sale — Dec. 1st.

PENNSYLVANIA

Harrisburg Auto Auction
Sale Thursday, 11:30 A.M.
— Five Action Packed Lanes —
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Contact: Chip or Stan, 717-697-2222
P.O. Box 368, Mechanicsburg, Pa. 17055

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Ford
THURSDAY
Dec. 8, 1988
10:30 A.M.
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Exit 33 off I-79 1.2 mile south Rt 62

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Carriage Trade, Norristown, Pa. Every Mon. & Thurs., 6 PM (400 units), except 1st & 3rd Thurs. when GMAC auction (off lease/repos) at 11 AM. All dealers. Call: 215-CAR-SALE.

PENNSYLVANIA

Commonwealth Auto Auction 215-328-7100. Mondays & Wednesdays-7 PM/Saturdays-11 AM. Morton, PA-Rte 420 S. of Baltimore Ave. Open to public-Cars/Trucks/Vans.

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Sale Every Tuesday, 11 A.M.

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SOUTH CAROLINA

Clanton's Auto Auction, P.O. Box 51, Darlington, South Carolina, 803-393-2861. Sale every Thurs., Regular Consignment, 11 a.m. & Early Bird, 9 a.m. (repos & lease units).

TENNESSEE

Memphis Auto Auction, 2650 Mt. Moriah Rd., Memphis, Tenn. 38115. 901-794-7700. Sale every Tuesday at 11 AM. Mid-South's newest auto auction.

TEXAS

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TEXAS

Fort Worth Auto Auction (div. of GECAA), 2245 Jacksboro Hwy., Ft. Worth, TX 76114. Sale every Thursday. Contact: George Horton, 817-626-5494.

TEXAS

San Antonio Auto Auction (div. of GECAA), 1500 Ackerman Rd., San Antonio, Texas 78219. Sale every Weds. Contact: Frank Post or Michael Milikien, 512-661-4200.

TEXAS

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BIG H AUTO AUCTION
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TEXAS

Austin Auto Auction, 740 Bastrop Hwy, Austin TX 78741. Sale every Wed 7 pm. Lease/fleet accts, bank repos welcome. New & growing fast. Tom Swanson 512-385-2277.

WASHINGTON

So. Seattle Auto Auction. The lease & Fleet Specialists. Tom Chase, 1-800-872-6800. P.O. Box 5189, Kent, Washington 98064.

WISCONSIN

Metro Milwaukee Auto Auction. Sale every Wednesday. FMC, GMAC, all leasing. 414-835-4436, Caledonia, Wisconsin.

AUCTION DATES

Chrysler Motors

Nov. 22 — Florida Auto Auction of Orlando, Ocoee, Fla.; American Auto Auction, Walpole, Mass.; Denver Auto Auction, Aurora, Colo.; Nashville Auto Auction, Nashville, Tenn.; South Seattle Auto Auction, Kent, Wash.; Golden Gate Auto Auction, Fremont, Calif.; Hatfield Auto Auction, Hatfield, Pa.; and Aptco Auto Auction, Taylor, Mich.

Nov. 23 — The Big Sky Auto Auction Inc., Billings, Mont.; Clanton's Auto Auction, Darlington, S.C.; Salt Lake Auto Auction, Salt Lake City; Northway Exchange, Clifton Park, N.Y.; Minneapolis Auto Auction, Plymouth, Minn.; Butler Auto Auction, Gibsonia, Pa.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Ark-La-Tex Auto Auction, Shreveport, La.

Nov. 29 — Dallas Auto Auction, Grand Prairie, Texas; Arena Auto Auction, Chicago; Greensboro Auto Auction, Greensboro, N.C.; Portland Auto Auction, Portland, Ore.; Riverside Auto Auction, Riverside, Calif.; and Hatfield Auto Auction, Hatfield, Pa.

Ford Motor Co.

Nov. 22 — Denver Auto Auction, Aurora, Colo.; Harrisonburg Auto Auction, Harrisonburg, Va.; and Bay Cities Auto Auction Inc., Hayward, Calif.

Nov. 23 — Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Lakeland Auto Auction, Lakeland, Fla.

General Motors

Nov. 22 — Atlanta Auto Auction, Atlanta; Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; Clanton's Auto Auction, Darlington, S.C.; Southern California Auto Auction, Fontana, Calif.; and Omaha Auto Auction, Omaha, Neb.

Nov. 29 — Harrisonburg Auto Auction, Harrisonburg, Va.; Florida Auto Auction of Orlando, Ocoee, Fla.; and A.D.E. of Birmingham, Moody, Ala.

Nov. 30 — Puget Auto Auction, Auburn, Wash.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneaspolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

Used Car Sales
Auction Averages

November 88	$5,565
Month ago	$5,719
Year ago	$5,962

Model Breakdown
Auction Averages

	NOV. 1988	OCT. 1988	SEPT. 1988
1988 ...	$9,439	$9,863	$9,772
1987 ...	$7,276	$7,759	$7,554
1986 ...	$6,296	$6,495	$6,816
1985 ...	$5,376	$5,698	$5,593
1984 ...	$3,882	$4,206	$4,177
1983 ...	$3,048	$3,258	$3,556
1982 ...	$2,342	$2,633	$2,535
1981 ...	$1,743	$1,882	$1,743
Overall Average	$5,565	$5,748	$5,757

Makers face higher California air cost

SACRAMENTO, Calif. — Costs of complying with California's clean-air programs are likely to increase dramatically for carmakers and car owners under legislation that goes into effect July 1.

The state will collect as much as $4.5 million from carmakers to help administer the new auto-related smog programs that seek to reduce smog 5 percent per year.

A spokesman for the California Air Resources Board estimated that in the first two or three years, the assessment could be as high as $3 per car sold. After that, it should decline because a number of the projects will be concluded.

Based on registration data for 1987, a $3-per-car assessment would have cost General Motors more than $1 million; Ford Motor Co., more than $950,000; and Chrysler Corp., almost $400,000.

Currently, the Air Resources Board collects the board's actual costs for assembly-line and in-use testing of a maker's cars. GM said it paid the board $82,900 in 1987 for the testing program; Ford said it paid $42,000; and Chrysler reported paying $57,125.

DEALING WITH DEALERS

FROM PAGE 66

announced plans for a complete renovation of the BMW dealership in Honolulu.

CITIZENSHIP

Continuing its commitment to helping San Diego's homeless and jobless, **Bob Baker Enterprises and Automotive Group** once again donated $12,000 to the Rev. Joe Carroll's St. Vincent De Paul/Joan Kroc Center for the homeless. This brings megadealer Baker's cumulative donation and future pledge to the center to more than $150,000. Baker also donated a 1988 Ford Crown Victoria to Carroll. Baker's $12,000 donation to the St. Vincent de Paul/Joan Kroc Center was generated by a Labor Day weekend promotion. During the second annual promotion, Baker contributed $100 for each car sold during that weekend. The car, a check for $12,000 and a $30,000 pledge were all presented to Carroll by Baker during a news conference in which Carroll unveiled an award he recently received from the Archbishop of Canterbury for the "best shelter for the homeless in the world."

Gerald and Gail Roberts, Roberts Chevrolet-Oldsmobile, Green Cove Springs, Fla., celebrated the 50th anniversary of their dealership by presenting $50 checks to each of 50 charitable organizations. Later this year, the Oldsmobile dealership will be moved to a new facility in Orange Park. The Chevrolet dealership will remain in Green Cove Springs.

Bjorn Sefeldt, general manager of Nils Sefeldt Volvo, Houston, donated $500 to Houston's Discovery Zoo. The donation represents a portion of the proceeds from the dealership's first "garage sale." Volvo owners came to the sale to buy parts and accessories for their cars at reduced prices. "Our customers were pleased with their savings, and we were delighted to contribute to the children's zoo program. We're tentatively planning another such sale periodically," Sefeldt said.

ADVERTISING

The **Heart of Michigan Oldsmobile Dealers** selected J. Wilson & Associates, Albuquerque, N.M., as its agency. The 13-member group will be handled by Wilson's Detroit office. The agency now represents 22 dealer advertising groups, including 19 Oldsmobile dealer advertising groups.

The **North Mississippi GMC Truck Advertising Association** and the **GMC Truck Force**, Jackson, Tenn., have selected Geoff Sutton Advertising, Cordova, Tenn., as their agency. The agency handles 14 dealer advertising groups, including six GMC groups.

The Lubbock, Texas-based **$1 Chevy Team Dealer Association** has awarded its $350,000 advertising account to Strong Automotive Merchandising, Birmingham, Ala. The group has 17 dealer members.

The New York City-based **4-Star Chevrolet Dealer Association** has selected McCaffrey & Ratner, New York, as its advertising agency. The association, which is made up of Chevrolet dealers in New York's five boroughs, has an estimated $1 million advertising budget.

The Tri-States Pontiac Connection Dealers in Georgia, North Carolina and Tennessee has hired Terry L. Butz Creative, Waterloo, Iowa, as its ad agency. Tri-States Pontiac Connection officers include: **Richard Fortney**, Heritage Pontiac, Athens, Tenn., president, and **H.N. Long III**, Trotter Pontiac, Chattanooga, Tenn., treasurer.

The **Northwest Chevrolet Dealer Association**, Portland, Ore., awarded its $2 million account to Strong Automotive, Birmingham, Ala. The association has 14 dealer members.

Dorschel Chevrolet, Charlotte, N.C., and **Lou Bachrodt Chevrolet**, Rockford, Ill., have named Lewis & Freese Advertising, Virginia Beach, Va., as their advertising agency.

The Institute of Outdoor Advertising said a billboard from **Lathrop Jaguar**, Groton, Conn., placed in the top 10 percent of all of its entries for outstanding outdoor advertising. The billboard was created by VanEs Advertising, North Haven, Conn. The billboard depicts a large leaping Jaguar and the only words are Lathrop Jaguar, Groton.

The **Palm Beach Chevrolet Dealers Association** and the **Richard Kelley Organization**, a multi-franchise dealer group operating stores in Florida, Alabama and South Carolina, named Bateman, Bryan and Galles/Competitive Edge as their agency of record. The accounts are valued at $2.5 million in annual billings.

ALSO OF INTEREST

A new showroom display created for **Peugeot dealers** nationwide won a Gold Outstanding Merchandising Achievement Award from the Point of Purchase Advertising Institute. Jean-Philippe Fournier, national marketing manager for Peugeot Motors of America Inc., announced. Peugeot took top honors for best permanent display and storewide program in the transportation category. Said Fournier, "The contemporary, high-tech design of Peugeot's new showroom display reflects the sleek lines and high performance of the new Peugeot 405. This specially designed display also creates a highly visible Peugeot dealership within a multi-franchised store." Peugeot's compact showroom display units are constructed from extruded aluminum and finished in metallic charcoal gray. A free-standing information center presents model colors, trim levels and sales brochures. Separate information pylons placed near the cars highlight individual models. A video cabinet and radio display also are available. Peugeot's new showroom display was designed and created by DCI Marketing, Milwaukee, in conjunction with Peugeot Motors of America.

James Schouten and **Terry Gober**, formerly of the Crownrich Cos., have formed Automall Design Inc., Dallas. The firm specializes in automobile dealership facilities and is providing architectural services, construction management, dealer equipment, interior furnishings, executive recruiting and planning for auto malls, auto parks and single-point dealerships.

Compiled by
Mary Beth Vander Schaaf

Study charts cost to own, operate cars

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

It will cost about $3,800 more a year to own, operate and maintain a 1989 Cadillac DeVille than it will a 1989 Ford Escort. Those figures are from a recent study by Runzheimer International, a management consulting firm based in Rochester, Wis.

"Larger high-priced luxury cars will obviously cost more for all associated transportation costs," said Mike Bassi, marketing vice president of the company's transportation division. Higher-priced cars depreciate more each year and owners pay higher taxes and steeper operating and maintenance costs, he said.

Imported luxury cars also cost more to own, operate and maintain. For example, total costs for a 1989 BMW 325 are about $8,429 annually.

Lower-priced compact imports are less costly. For instance, the total costs of a 1989 Honda Accord DX are estimated at $5,025 and a Toyota Camry's annual costs are estimated at $5,112. Each costs about [illegible] than the BMW 325 to own and operate. The Honda Accord's estimated annual total costs are $25 less than those of the Ford Escort.

Another finding in the study is that total costs of a minivan are less than those of many compact cars. Also, some imported compact cars have lower total fixed and operating costs on a yearly basis than many U.S.-built compact cars, according to the projected cost analysis.

Luxury cars cost substantially more to own, operate and maintain. At one end of the spectrum, the 1989 Cadillac DeVille has annual fixed and operating costs of $8,881, the study found. That is 76 percent more than a subcompact Ford Escort with fixed and operating costs of $5,050.

It isn't only size that affects fixed and operating costs, however.

A standard-sized Chevrolet Caprice V-8's annual costs totaled $6,454. That's an annual difference of $2,427 or 27 percent less than the Cadillac.

The fixed and operating costs of an intermediate Cutlass Ciera V-6 are almost as high as those of the Caprice. Its total costs are estimated at $6,216, only $238 or 3.69 percent less than the Caprice.

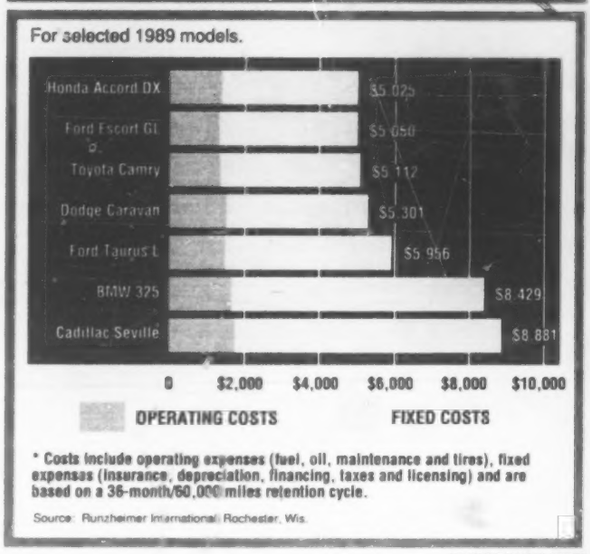
Total costs for other selected intermediate cars are about $200 a year less than those of the Ciera. The Chevrolet Celebrity V-6 has estimated annual costs of $6,095 a year, while a Ford Taurus V-6 costs $260 less a year to own, maintain and operate. Its total costs are about $5,956 annually.

Total estimated costs for two compact cars are each about $500 less than the least expensive intermediates. A 4-cylinder Ford Tempo GL has total costs of $5,500 per year and a 4-cylinder Chevrolet Cavalier's total costs are about $5,420.

Runzheimer analyzes fixed and operating costs of more than 200 models each year to set reimbursement standards and per-mile rates for many private businesses.

Operating costs include fuel, oil, tires and maintenance; and fixed costs are a composite of insurance, depreciation, financing, taxes and licensing costs. Calculations are based on a 36-month, 60,000-mile trade-in cycle.

Projected annual costs



AUTOMOTIVE NEWS / C. WINTER

LEASING AID: *California firm's dealer plan runs from used cars to exotics*

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — International Bankers Acceptance Corp., a recently formed financial service firm, is offering lease financing programs to selected dealerships in California for new cars and for used cars up to five years old.

In addition, the company provides leasing programs for luxury automobiles, as well as exotics, classics and collector cars, according to S. Vernon Rodriguez, executive vice president.

The firm is a member of the Los Angeles-based Brittingham Group of financial service companies. Brittingham was founded in 1963 and today is active in luxury new- and used-car leasing, limo and daily car rentals and deluxe European motoring vacations.

"IBAC believes that both used-car leasing and luxury-automobile leasing are marketing niches of opportunity in the automobile leasing industry," Rodriguez said. "IBAC offers closed and open-end consumer leases via an indirect-leasing program."

While Brittingham does some individual leasing, Rodriguez said, the company decided to expand its operations about a year ago and established International Bankers Acceptance Corp., essentially as a lender for lease financing.

Rodriguez said the company offers the investment community short-term, high-quality automobile lease receivables in portfolios as low as $100,000. The receivables in the portfolio package consist of new- and used-car residual-value lease contracts acquired from franchised car dealerships and leasing firms.

"Under our program, the dealer is approved to work with IBAC," Rodriguez explained. "When a consumer decides to lease a new or used car, the consumer fills out a credit application that is telefaxed to our office.

"We check it out and when we determine that the consumer is a credit-worthy lessee, we approve and underwrite the contract and notify the dealer. The dealer then signs up the consumer, knowing IBAC has approved the deal."

After the transaction is completed, the dealer sells the total contract to International Bankers Acceptance, Rodriguez said.

"We buy the whole package, which also means buying the automobile and the contract, including the dealer's profit," he said. "The dealer no longer has anything to do with the contract or consumer. Disposal of the automobile at the end of the lease also is handled by IBAC.

"We have the contract, which is collateralized by the automobile, and we in turn sell it for a yield to our investor."

Although many dealers keep leasing contracts, Rodriguez said some prefer to sell contracts to sources such as his company because they do not have sufficient credit lines to keep the paper or they do not have enough working capital to hold the paper and remain liquid.

"Also, there are consumers who have difficulty qualifying creditwise, and dealers usually want to keep only the best paper, which is called A Credit Paper," Rodriguez said. "Since we have a source for B Credit Paper, we can take a little more of a risk than a dealer can."

Although one-stop leasing service is new to Western dealers, especially in California, Rodriguez said International Bankers Acceptance has approved some 150 dealers in California since it was organized "in a formalized fashion" last May. He said those dealers are now submitting lease contracts on a daily basis.

Rodriguez said the program covers luxury used cars because their potential demand is tremendous.

According to International Bankers Acceptance, new-car manufacturers traditionally have been the principal funding source for automobiles. However, because they are concerned with the movement of new vehicles, not the turnover of used cars, their leasing programs have been unavailable to their dealers' used-car departments, Rodriguez said.

"The potential demand for used-car leasing is tremendous," he said. "In 1985, consumers acquired nearly 16 million used autos, representing some $100 billion in sales."

U.S. cuts deficit in auto trade

August imbalance shows 6.5% dip

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The U.S. automotive trade deficit in cars and light trucks improved 6.5 percent in August compared to the year-earlier month.

The improvement was the result of a 31.8 percent increase in export value and a 2.3 percent decline in the value of imports.

August's drop in the automotive trade deficit followed a decline of 20.7 percent in July.

When the 12-month period ended Aug. 31 is compared with the year ended Aug. 31, 1987, the automotive trade deficit shows a 5.1 percent improvement.

As of August, the United States was running an annualized trade deficit of $43.21 billion in passenger cars and light trucks. That compares with $45.49 billion a year earlier. The annual totals reflect a 5.5 percent decline in the number of vehicles imported to the United States over the most recent 12-month period. Exports jumped 15.7 percent during the period.

Trade numbers released by the U.S. Commerce Department show a trade deficit for cars and light trucks of $3.17 billion in August. Total car and light-truck exports had a value of $599.40 million during the month, and monthly car and light-truck imports were valued at $3.77 billion. The automotive trade deficit for August 1987 was $3.39 billion.

Passenger-car exports reached 47,824 vehicles in August, with an estimated value of $486.70 million. Light-truck exports for the month totaled 11,462 vehicles, having an estimated value of $112.70 million.

Passenger-car exports were up 18.0 percent to Canada and 302.2 percent to Japan.

On the import side, Japan continued to show a downturn in both the quantity and value of vehicle shipments during the month. Car shipments also declined from West Germany, Sweden, Yugoslavia, the United Kingdom and Italy.

Meanwhile, imports from Canada, Brazil, South Korea, Mexico, France and Brazil showed growth in August.

Total vehicle imports in August were valued at $3.76 billion, down 2.3 percent from $3.86 billion in August 1987. There were 393,113 finished vehicles imported to the United States in August 1988, compared with 408,118 last year.

Passenger-car imports reached 335,975 units for the month and had a value of $3.34 billion. Light-truck imports totaled 57,138 units, with a value of $426.88 million. The value of imported trucks increased 5.0 percent in August, although shipments fell 12.6 percent. That same phenomenon occurred in June and July, indicating that reduced sales of imported trucks are having little effect on the overall trade deficit because of higher prices.

Japanese car imports dropped 19.0 percent for the month while the value of the shipments fell 14.9 percent. Japanese truck imports were off by 21.8 percent and their value was down 12.7 percent. Japan shipped 178,475 cars to the United States in August, down from 220,229 cars a year earlier. Truck shipments totaled 39,596 units, down from 50,664 in 1987.

Canada shipped 39,927 cars to the United States, a 37.6 percent increase. South Korean shipments staged a slight recovery in August, increasing 8.0 percent. Korean shipments have been depressed for several months due to strikes.

Mexico shipped 13,330 passenger cars to the United States in August, up 27.9 percent from a year earlier. Brazilian automakers exported 5,630 cars to this country, up 30.3 percent.

West German shipments for the month fell 35.7 percent from August 1987. Sweden's exports dropped 30.1 percent.

Yugoslavia shipped 1,000 vehicles in August, according to the Commerce Department, compared with 3,400 cars a year earlier.

U.S. AUTOMOTIVE TRADE BY VALUE
(x $1,000)
Passenger cars

Country	Trade	Aug. 1987	Aug. 1988	Sept. 1986-Aug. 1987	Sept. 1987-Aug. 1988
Japan	Export	$ 3,039	$ 12,223	$ 54,027	$ 166,732
	Import	1,956,249	1,665,416	21,160,857	19,913,720
Canada	Export	335,636	396,102	5,469,017	6,152,946
	Import	375,636	629,976	10,523,735	12,639,320
West Germany	Import	642,506	390,288	8,664,260	6,771,205
South Korea	Import	197,248	217,029	1,696,308	2,269,996
Sweden	Import	75,614	59,541	1,944,878	1,657,014
Mexico	Import	88,912	111,063	776,632	1,270,374
Yugoslavia	Import	8,330	2,998	286,703	103,897
United Kingdom	Import	57,721	51,057	859,419	1,070,391
Italy	Import	12,900	10,720	278,811	160,193
France	Import	983	19,810	187,237	166,228
Brazil	Import	21,090	33,128	100,587	392,398
Others	Export	36,295	78,343	697,818	1,434,235
	Import	12,111	9,656	234,759	305,451
Car total	Export	374,969	486,668	6,220,862	7,742,914
	Import	3,449,180	3,349,880	46,916,244	46,759,180
Trade balance		(3,074,211)	(2,854,012)	(40,697,382)	(39,016,266)
Light trucks (up to 10,000 lbs. GVW)					
Canada	Export	$ 78,798	$ 100,444	$ 1,475,454	$ 1,702,412
	Import	121,513	180,558	1,803,148	2,831,990
Japan	Import	273,247	239,485	4,663,095	3,251,119
Mexico	Import	9,202	1,090	126,115	6,643
Others	Export	6,256	12,276	167,449	334,145
	Import	2,500	8,892	49,195	147,880
Truck total	Export	85,013	112,719	1,642,903	2,036,557
	Import	408,462	429,876	6,441,525	6,237,602
Trade balance		(321,449)	(314,157)	(4,798,622)	(4,201,045)
Car and truck total	Export	459,982	599,387	7,863,765	9,779,471
	Import	3,855,642	3,787,556	53,359,769	52,996,782
VEHICLE TRADE BALANCE		(3,395,660)	(3,188,169)	(45,496,004)	(43,217,311)
TOTAL U.S. Merchandise trade (customs value)	Export	20,884,100	27,545,500	239,549,100	311,751,400
	Import	34,462,300	38,106,100	389,907,900	466,718,100
TRADE BALANCE		(13,688,300)	(10,560,600)	(150,358,800)	(144,966,700)

U.S. AUTOMOTIVE TRADE BY QUANTITY
Passenger cars

Country	Trade	Aug. 1987	Aug. 1988	Sept. 1986-July 1987	Sept. 1987-July 1988
Japan	Export	193	950	3,359	12,074
	Import	220,229	178,475	2,423,459	2,174,077
Canada	Export	29,018	39,927	563,927	902,451
	Import	34,791	74,168	988,851	1,134,029
West Germany	Import	22,780	14,636	400,324	275,553
South Korea	Import	37,292	40,294	337,281	430,935
Sweden	Import	5,466	3,835	145,977	107,561
Mexico	Import	10,426	13,330	76,494	148,007
Yugoslavia	Import	3,400	1,000	52,894	39,175
United Kingdom	Import	2,880	1,492	40,866	39,876
Italy	Import	557	540	21,903	8,945
France	Import	48	1,961	28,651	17,491
Brazil	Import	4,322	5,630	21,176	71,176
Others	Export	2,795	6,947	52,353	111,247
	Import	720	022	15,609	19,307
Car total	Export	32,006	47,824	619,639	725,772
	Import	342,711	335,975	4,553,587	4,463,134
TRADE BALANCE		(310,705)	(288,151)	(3,93.,948)	(3,737,362)
Light trucks (up to 10,000 lbs. GVW)					
Canada	Export	8,455	10,151	156,031	169,092
	Import	13,560	17,460	174,201	257,786
Japan	Import	50,864	39,596	859,175	572,857
Mexico	Import	1,094	0	16,152	72
Others	Export	5,760	1,311	14,054	26,687
	Import	98	67	1,103	1,893
Truck total	Export	9,031	11,462	170,085	195,780
	Import	65,407	57,138	1,050,631	832,208
Trade balance		(56,376)	(45,676)	(873,946)	(636,428)
Car and truck total	Export	41,037	59,286	796,324	921,552
	Import	408,118	393,113	5,604,218	5,295,342
TRADE BALANCE*		(367,081)	(333,827)	(4,807,894)	(4,373,790)

Compiled by Automotive News from official statistics of the U.S. Commerce Department, as reported by the U.S. International Trade Commission. Because of rounding, figures may not add to the totals shown.

Imports face struggle for big bucks

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LAGUNA NIGUEL, Calif. — Next fall's entry of two Japanese high-end brands into an already crowded luxury-car market will quickly "make upscale cars almost commodities," with styling and image key competitive elements.

Toyota's Lexus and Nissan's Infiniti divisions will enter the market in the 1990 model year, and improving U.S. competitors will create "an upscale battleground like the low-end car and small-truck segments are now," said David E. Cole, director of the Office for the Study of Automotive Transportation at the University of Michigan.

Cole spoke at a BMW Technical Symposium here, less than a hour's drive from the U.S. headquarters of BMW's newest Japanese competitors.

"You can't differentiate on features (in the 1990s) on high-end cars," Cole said.

"Styling will be critical. It's already been demonstrated that the Japanese can move very quickly."

In a reference to long European product cycles compared with much shorter Japanese cycles, Cole added, "Ten years is an eternity when dealing with the Japanese."

However, while shorter product cycles will help the Japanese make adjustments in a new segment, they reduce profitability, noted Hans-Herman Braess, vice president of research for BMW AG, in reaction to Cole's keynote speech.

Braess acknowledged that the largest vehicles from Lexus and Infiniti, which used the BMW 735i as a design target, will press BMW at the upper end of the market much as the Acura Legend sedan and coupe have at the lower end of BMW's range, the 3 series.

"We may lose some sales to them," Braess admitted.

Parts group fights Clarion's subzone plea

WASHINGTON — The Motor and Equipment Manufacturers Association is opposing a request for a Foreign Trade Subzone filed with the U.S. Commerce Department by Clarion Manufacturing Corp.

Clarion has an assembly plant for automotive audio equipment in Walton, Ky. The company supplies original equipment to several Japanese automobile manufacturers in the United States and is a major aftermarket supplier.

Foreign Trade Subzone status would allow Clarion to pay lower tariffs on components it imports for final assembly and sale in the United States.

An increasing number of automotive suppliers have begun petitioning the Commerce Department for Foreign Trade Subzone status now that most automobile assembly plants are covered by the reduced-tariff program.

Although U.S. auto part manufacturers have opposed the Foreign Trade Subzone program for several years, the Commerce Department's Foreign Trade Zones Board has yet to deny an application for an automotive-related subzone.

IACOCCA

FROM PAGE 1

Asked if GM has turned the corner, the Chrysler chairman said, "Turning the corner means do they have their costs in line with the volume they can expect? That last phrase is the key phrase.

"If they want to continue to say we're going to get 40 (percent market share) at all costs, they are not going to turn the corner. Forty-five is a dream. Thirty-five, if they accept that, and do what we had to do — pare down the company, that means all areas are in line with that objective — then they've turned the corner."

"GM is a good company. I've watched them for 40 years. They're good on product and sure, they make some mistakes, like I do all the time. But I think they're on their way to being what they've been — the premier car company in the world."

Iacocca also said that as Chrysler revamps its two product hits for the 1990s — the minivan and Jeep Cherokee — he wants to avoid the mistake made at Ford Motor Co. in its handling of the 1964 Mustang.

"I got burned so bad on the Mustang I could write another book on how it happened," Iacocca said of the instantly successful Mustang, which by 1970 suffered plummeting sales after several reworkings.

"The truth is, we blew it. We kept killing it little by little, and we ended up with a camel done by a committee. Everybody got into the act because they know how to change a winner."

Iacocca said Chrysler executives are aware of that history as the minivan and Cherokee are restyled for the early 1990s.

"The big argument now is the new Cherokee because the other one is almost like a cult," Iacocca said. "We keep researching it with all the Jeep owners, and they say, 'Drop dead.' It's tough. It's like the first Mustang."

About the Cherokee, Iacocca said, "I have a feeling that you can't horse around too much with what appeals as an accepted no-nonsense durable car/truck/station wagon. We've researched the new one. It's great with a body of owners that never had a Cherokee. But if you had a Cherokee, it's tough to satisfy. That's a crapshoot. I don't know quite yet what to do."

Asked if a similar pitfall might exist with a minivan restyling because Chrysler pioneered the segment, Iacocca said, "Don't worry, I'm worried about that too."

"It's tough to do, yet you must keep aggressively modernizing it. Get the repairs per hundred down on a continuing basis, add interior things the women want, maybe give 10-year rust warranties if you can do it."

Even though competitors in the minivan market will be "coming in right through the woodwork" in the coming years, Iacocca said Chrysler is considering additional production capacity.

"We're looking at a possible third minivan source. I guess we believe in it," he said.

Iacocca said a determination would be made "in the next two years."

One possibility, Iacocca said, is to add "brick and mortar" to the St. Louis plant. Chrysler also builds minivans in Windsor, Ontario.

"When we went for the second source of the minivans, we did it a little bit tentatively because we knew Windsor was at 270,000 units," Iacocca said. "So we took St. Louis 2, which we knew wasn't going to get much over 160,000 units. We're missing 100,000 just by mistake. If we had put in a bigger plant, we'd be selling them right now."

AUTOMOTIVE NEWS/JOE WILSKERS

Iacocca: "I got burned so bad on the Mustang I could write another book"

Iacocca said he believes in the strength of the minivan market because the vehicle appeals to four-door sedan buyers.

"Ninety percent are bought by car buyers. I'm selling virtually one-for-one Caravan/Voyager against Taurus/Sable. But they say (Ford) hit a four-door market. Well, I've got these rich cars, and they've got four doors, but one slides and one opens funny.

"With all these new (minivan) entries, all you are going to do is cannibalize the four-door sedan market. No question about that."

Iacocca said that after launching the new Cherokee and minivan in the 1990s, the company's next product priority is the LX/LH car platform, which will debut in the fall of 1991.

The platform is expected to be larger than Chrysler's existing K-platform and variations.

Iacocca indicated all three Chrysler franchises, including Jeep-Eagle, will likely receive products from the new platform.

"All three franchises and three brands will make their distinctions as they see fit," he said.

Iacocca said Chrysler's product line is well-positioned for the coming decade, although he expects it to take five years to establish the Eagle car brand created from the purchase of AMC.

He also suggested that the subcompact Dodge Omni/Plymouth Horizon may remain in Chrysler's product lineup longer than anticipated. Iacocca previously suggested the model would be phased out by late 1991 or early 1992.

"We have to stay with the Omni/Horizon a little longer than maybe we wanted to because we have no possibility to source (a replacement) unless we looked at the Koreans, the Malaysians and the Taiwans."

Asked if such sourcing is likely, he said, "Maybe. We're always talking, but nothing is happening.

"We had always felt in this company that Mitsubishi could always supply us with a little car. But now they're saying to me 'We're thinking of going to Korea or Malaysia.'"

Iacocca also said that he is not interested in marketing a minicar that would be "an entry-level vehicle against the used-car market."

"The next generation of Chrysler executives might want them, but I don't want them," he said.

Iacocca said Chrysler will use as image builders Chrysler's TC by Maserati and vehicles obtained through its purchase of Lamborghini.

This fall Chrysler curtailed its plans with Maserati and formed a relationship with Fiat. The TC coupe is expected to be introduced in 1989, although its debut initially was planned for early 1987.

"You either have to control a plant in Europe or you have to have a company like Fiat backing you," Iacocca said, explaining the troubled TC launch.

"Too much is done on the basis that we build cars only by hand in Italy and we don't worry about quality," he said. "That's okay if you're building an exotic sports car. But if you're starting a production line, you don't have the quality and the safeguards to make sure the car is right.

"We had all kinds of start-up problems being on a foreign shore and having a labor force that was not run by us. We put in the paint system but beyond that, it was in the hands of other people.

"We said it just would not meet the quality standards of Chrysler, and we couldn't put our name on it."

Iacocca said the car is now being shipped following a production revamping led by Richard E. Dauch, Chrysler Motors executive vice president of manufacturing.

The new relationship with Fiat, by which Chrysler will market Alfa Romeo models, is expected to grow.

Iacocca said he hoped the linkup with Fiat "would bode well for something more because they are a powerful worldwide company."

Asked if future deals might include joint production, he responded, "Who knows? Maybe."

Chrysler's dealings with Renault, which began with the purchase of AMC, are also likely to expand, and Iacocca described the relationship as "twofold now."

In addition to the componentry Chrysler is buying from the French automaker, Iacocca said Renault is likely to handle Jeep distribution in additional European markets, and it may be involved in Jeep production ventures.

"We have given them France and Italy for Jeep distribution," he said. "They are doing a good job — so good I think we are about to give them Spain and Portugal.

"But we have a lot of new Jeep stuff coming, so our discussion with them tends to be all involved around the total Jeep line worldwide."

Iacocca said discussions included possible joint production because Jeep is developing a cult following in Europe.

Iacocca said he may visit Brazil in February as part of an expanded program in South America. Chrysler currently produces Jeeps at a plant in Valencia, Venezuela, which it inherited with AMC.

"The idea is to joint-venture with a number of South American companies beyond Venezuela," Iacocca said. "Probably you start with Jeep. Like any emerging country, you start with knock-downs until there is an infrastructure of parts there.

Iacocca also said that although the First Automobile Works in Changchun, China, did not select the Dodge 600 for car production, Chrysler expects eventually to complete a vehicle project in China. With its AMC acquisition, Chrysler received part ownership in Beijing Jeep Corp., which produces a Cherokee and another utility vehicle.

Iacocca, who recently returned from a trip to China, said First Automobile Works is considering adding an axle line. Chrysler sold tooling and machinery to First Automobile Works to produce 2.2-and 2.5-liter four-cylinder engines.

"I think when they see the help we have given them with the engine line and the other help they have asked us for, we will probably do some kind of a car/truck program with them in the immediate term," Iacocca said. "I don't know when."

Iacocca also said while future joint ventures are likely, Chrysler is unlikely to make any additional significant automotive purchases.

However, investments are likely in nonautomotive areas, as the Chrysler Technologies subsidiary grows and seeks defense business.

Iacocca said Chrysler Technologies Chairman Paul E. Wright, who was appointed in September, "will probably come up with some acquisitions of smaller subsuppliers rather than prime suppliers to the Pentagon."

Iacocca's goal is to double the size of Acustar, the $3 billion component manufacturer that Chrysler tried to sell earlier this year. The sale was aborted after the UAW protested.

"With currency straightened out at least for now, they should be good contenders. They've got some great plants. It's up to them to go after the world componentry business."

Chrysler, Renault agree to drop Eagle Medallion

PARIS — Renault will not resume production of the Medallion, a car sold by Chrysler Motors' Eagle dealers.

Renault decided against moving production of the American version of the Renault 21 to another plant and Chrysler approved the decision, according to sources at the French automaker and in the United States. The announcement is expected this week.

The decision to discontinue the line was predicated on the dollar's low value, the modest sales performance — only 12,731 in the first 10 months of 1988 — and Renault's need to use the capacity for production of its new Renault 19 and for the 21, which is a strong seller in Europe.

American Motors first introduced the compact sedan at the Chicago Auto Show early in 1987. Production had begun in October 1986 but was halted because of market uncertainty [illegible] Chrysler acquired AMC in Augu[illegible] Chrysler resumed sales of a modif[illegible]n, which stayed in production until the end of July 1988. Altogether, 36,000 have been exported to the United States.

— Jean-Jacques Rassaux

FORECAST

FROM PAGE 1

gressive production schedule.

Both analysts predicted that an aggressive GM could force Ford and Chrysler back into the incentive wars, leaving the two smaller makers short of inventory in the first quarter.

If GM sticks to its latest estimate for the first quarter, it will end March with about 80 days' worth of cars on hand and at dealerships, Luckey predicted. Typically the domestics run in the 60s at that time of the year.

But even with its revised plans for the last quarter of this year, GM's production for the quarter is scheduled to run nearly 13 percent ahead of last year's pace. And that means GM is scheduled to fall only 1 percent short of its total 1987 car production total.

Ford expects to assemble 474,000 cars in the first three months of next year, a dip of 1 percent from the beginning of 1988. Its latest fourth-quarter plan is to build 457,000 cars, off 1 percent from the 1987 quarter but up nearly 6 percent, or 25,000 cars, from what it had scheduled in its September forecast.

Ford's updated fourth-quarter schedule means it would end this year less than 1 percent below its total production for 1987.

Chrysler projects it will build 272,000 cars during 1989's first quarter, 4 percent more than in 1988. Its fourth-quarter 1988 schedule has been hiked 1 percent from its September forecast, but more than 4 percent from the number it actually built in the last quarter of 1987.

If its fourth-quarter plan holds true, Chrysler will build 4 percent fewer cars in all of 1988 than it did in 1987.

All of the transplant companies scheduled increases for the first quarter compared to the comparable period of this year.

Honda of America Manufacturing Inc., targets production at 99,400 cars for the first three months of next year, an increase of 8 percent. However, it reduced its fourth-quarter schedule 2 percent, or 1,500 units. That would still give Honda a 7 percent increase over actual production in the fourth quarter of 1987 and a 12 percent increase over full-year 1987.

New United Motor Manufacturing Inc. expects to assemble about 45,000 cars in the beginning of 1989, 8 percent more than the 41,738 built during this year's first quarter. Its estimated fourth-quarter schedule is running 54 percent behind the 1987 quarter, which would mean that NUMMI plans to end this year 31 percent behind its full-year 1987 output.

Nissan Motor Manufacturing Co. U.S.A. projected first-quarter output of about 30,000 cars, 48 percent more than the comparable period in 1988. Its fourth-quarter schedule is unchanged from its previous estimate.

U.S. CAR PRODUCTION FORECAST

	Fourth Quarter			Full Year		
	1988 Estimate*	1987 Actual	Percent Change	1988 Estimate*	1987 Actual	Percent Change
GM	949,000	839,946	+12.98	3,411,100	3,455,463	– 1.28
Ford	457,000	461,143	– 0.90	1,815,000	1,830,446	– 0.84
Chrysler	295,000	283,062	+ 4.22	1,067,000	1,109,411	– 3.82
Honda	86,000	80,227	+ 7.20	364,000	324,064	+12.32
NUMMI	18,000	38,901	–53.73	129,000	187,376	–31.16
Nissan	24,600	15,289	+60.90	108,800	117,334	– 7.27
Mazda	59,500	3,800	—	162,300	4,200	—
VW	0	21,147	—	36,000	66,696	–46.02
Toyota	17,000	0	—	17,000	0	—
Diamond-Star	2,300	0	—	2,300	0	—
Industry	1,908,400	1,743,515	+ 9.46	7,112,500	7,094,992	+ 0.25

*Updated

PRODUCTION

Truck build is highest since May

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

Last week's scheduled U.S. truck production of 92,188 units was the highest since the week ended May 21, when 92,256 trucks were built.

U.S. truck output last week was 2.17 percent above the prior week's 90,233 and 10.17 percent above the year-ago week's 83,679.

Year-to-date, U.S. makers have built 3,703,736 trucks, 7.20 percent more than the 3,454,873 completed at this point last year.

Total planned domestic auto production last week was 163,466 units, 1.52 percent below the previous week's 165,997 but 8.56 percent more than the year-ago week's 150,582.

So far this year, the industry has assembled 6,348,694 cars, 1.19 percent below the 6,425,405 completed by this time last year.

Last week's scheduled U.S. car output was shared as follows: General Motors, 50.16 percent; Ford Motor Co., 24.34 percent; Chrysler Motors, 16.00 percent; Honda of America Manufacturing Inc., 4.59 percent; Mazda Motor Manufacturing (U.S.A.) Corp., 3.49 percent; Nissan Motor Manufacturing Co. U.S.A., 1.26 percent; New United Motor Manufacturing Inc., 0.16 percent.

GM's Detroit truck plant was closed last week for schedule adjustments. The plant is expected to reopen Nov. 28.

GM's Reatta Craft Center in Lansing, Mich., shut down last week to prepare the body shop for convertible output and to make paint shop changes. The plant is expected to resume operations Nov. 28.

Overtime was slated last Saturday at these GM plants: Lordstown, Ohio; Shreveport, La.; Moraine, Ohio; and the Pontiac West truck facility in Pontiac, Mich.

Ford scheduled overtime last Saturday at its Edison, N.J., and Lorain, Ohio, plants.

Daily overtime is slated at all Ford plants today, tomorrow and Wednesday.

All car and truck plants will be idle Thursday and Friday for the Thanksgiving holiday.

Car production rises in Canada

Canadian automakers scheduled assembly of 17,883 units last week, up 10.34 percent from 16,207 the prior week, but 8.82 percent below the year-ago week's 19,613.

So far this year, 938,190 cars have been produced, 32.97 percent more than the 705,565 completed at this point last year.

The industry scheduled 21,453 trucks last week, 8.46 percent above the previous week's 19,780 and 20.48 percent more than the year-ago week's 17,806.

Year-to-date, 829,984 trucks have been assembled, 13.10 percent more than the 733,876 built by this time last year.

General Motors' Oshawa (No. 2), Ontario, plant remains idle for model changeover. The plant is expected to resume production Jan. 3, building the Buick Regal and Chevrolet Lumina.

U.S. CAR	Week Ended Nov. 19, 1988	Week Ended Nov. 21, 1987	Week Ended Nov. 12, 1988	Nov. to Date	Jan. 1 to Nov. 19, 1988	Jan. 1 to Nov. 21, 1987
Alliance	0	0	0	0	0	15,994
Total Eagle	0	0	0	0	0	15,994
Horizon	1,700	822	2,082	4,871	72,693	40,430
Sundance	2,400	1,851	2,334	6,302	82,877	81,624
Reliant	2,100	3,436	2,178	5,806	81,889	118,893
Acclaim	800	0	773	2,082	2,891	0
Caravelle	0	480	0	0	9,265	39,584
Gran Fury	400	156	483	1,152	19,068	6,366
Total Plymouth	7,400	6,745	7,850	20,212	278,503	296,899
LeBaron K	0	1,012	0	0	7,912	59,438
LeBaron J	2,900	0	2,811	7,417	76,733	102,201
LeBaron GTS	150	516	179	387	8,335	34,939
N. Yorker E-Class	0	0	0	0	0	57,102
N. Yorker C-Class	2,200	1,794	2,244	6,237	94,717	12,678
Fifth Avenue	800	1,342	1,023	2,458	29,668	58,854
Total Chrysler	6,050	4,658	6,057	16,499	217,365	325,212
Omni	1,600	745	2,052	4,810	71,475	35,073
Daytona	1,900	0	1,779	4,933	70,023	55,781
Shadow	2,400	2,167	2,063	5,911	91,437	85,585
Aries	2,500	3,740	2,506	6,862	81,415	111,517
Dodge 600	0	686	0	0	8,549	36,616
Dynasty	2,900	554	3,086	8,186	98,367	2,943
Lancer	200	302	214	620	5,292	21,660
Spirit	800	0	787	2,059	2,402	0
Diplomat	400	407	525	1,257	17,636	13,193
Total Dodge	12,700	8,601	13,012	34,650	450,596	362,388
CHRYSLER MOTORS	26,150	20,004	26,919	71,362	946,464	990,493
Escort	10,029	9,256	9,523	28,397	371,216	351,496
Mustang	4,288	4,337	3,457	11,055	180,748	193,087
Tempo	3,556	4,184	3,655	10,003	165,318	127,794
Taurus	8,852	8,078	8,460	23,867	355,539	370,221
Thunderbird	2,481	3,482	1,696	5,246	98,526	142,572
Total Ford Div.	29,206	30,487	26,793	78,589	1,171,347	1,185,170
Lynx	0	0	0	0	0	21,352
Topaz	1,394	935	1,295	3,893	63,451	41,196
Cougar	1,809	2,497	1,719	4,592	77,262	126,222
Sable	2,714	2,784	3,081	8,031	121,007	110,654
Total Mercury	5,917	6,216	6,095	16,516	261,720	299,661
Continental	1,568	407	1,535	4,340	47,643	10,965
Mark VII	763	609	766	2,150	24,889	25,710
Lincoln	2,336	3,061	2,305	6,495	111,579	127,794
Total Lincoln	4,667	4,077	4,606	12,985	184,111	164,469
Total L-M Division	10,584	10,293	10,701	29,501	445,831	464,130
FORD MOTOR CO.	39,790	40,780	37,494	108,070	1,617,178	1,649,300
Skyhawk	936	0	1,170	2,876	24,359	30,719
Skylark/Somerset	1,785	1,288	1,767	4,634	47,265	59,779
Century	3,885	3,313	4,765	12,110	126,959	144,012
Regal (rwd)	0	757	0	0	0	38,734
Riviera	629	385	633	1,784	10,432	12,132
Electra	2,510	3,451	2,544	6,833	80,143	86,829
LeSabre (fwd)	2,595	2,156	2,796	7,263	120,995	131,200
LeSabre (rwd)	220	376	226	622	8,923	8,889
Reatta	0	0	263	429	8,722	0
Total Buick	12,560	11,726	14,164	36,551	427,798	512,274
Cimmaron	0	41	0	0	3,693	10,074
Eldorado	742	700	775	2,123	31,816	18,526
Seville	582	631	579	1,611	20,812	16,980
Brougham (rwd)	915	1,905	912	2,560	31,785	67,936
Deville (fwd)	4,920	3,321	4,776	12,666	142,550	127,118
Allante	75	100	75	198	1,894	4,120
Total Cadillac	7,214	6,698	7,117	19,157	232,550	244,754
Cavalier	7,022	7,079	7,790	20,102	321,215	281,739
Camaro	2,740	2,497	3,042	7,945	88,361	110,331
Celebrity	4,773	6,775	5,683	14,807	169,296	271,359
Corsica/Beretta	10,884	6,780	9,105	28,086	390,730	311,408
Monte Carlo	0	1,825	0	0	0	67,510
Caprice	4,240	5,700	3,963	11,456	187,025	174,630
Corvette	565	636	540	1,527	20,651	25,563
Total Chevrolet	30,224	33,274	30,143	83,902	1,177,278	1,242,540
Calais	3,015	2,492	2,987	7,848	104,890	107,056
Firenza	0	0	0	0	5,230	12,710
Cutlass Ciera	1,685	1,367	1,322	4,305	30,768	107,331
Cutlass Supreme	3,655	1,441	3,468	10,018	130,311	99,082
Toronado	315	429	330	901	13,788	14,359
88 (fwd)	3,100	3,794	3,312	8,990	141,394	162,519
88 (rwd)	105	446	161	395	10,032	13,324
Olds 98	1,752	2,172	1,744	4,726	66,554	64,507
Total Oldsmobile	13,607	12,141	13,324	37,182	502,967	554,489
Sunbird	2,922	1,983	2,920	7,755	99,453	79,087
Grand Am	4,800	4,801	5,760	14,490	217,573	226,572
Firebird	1,750	1,572	2,021	5,101	59,245	71,079
Grand Prix	4,080	0	4,000	11,280	130,227	0
Pontiac 6000	2,085	1,094	2,381	6,182	83,443	65,698
Bonneville	2,695	1,927	2,976	8,044	108,668	115,826
Safari/Parisienne	90	113	101	275	6,841	8,497
Fiero	0	0	0	0	13,297	28,942
Total Pontiac	18,402	11,490	20,159	53,086	718,750	595,701
GENERAL MOTORS	82,007	75,329	84,907	229,879	3,059,343	3,149,758
HONDA	7,500	7,218	7,529	22,087	331,373	293,725
Civic	2,450	1,849	2,572	7,271	98,619	80,425
Accord	5,050	5,369	4,957	14,816	232,754	213,300
MAZDA†	5,699	406	5,702	15,228	140,484	2,255
NISSAN	2,060	1,325	2,037	5,723	100,008	107,711
NUMMI	260	3,705	1,409	3,003	117,847	173,880
Corolla	160	1,071	1,409	2,903	47,177	39,129
Geo Prizm/Nova	100	2,634	0	100	70,667	134,751
VOLKSWAGEN	0	1,815	0	0	35,997	58,283
Golf/GTI	0	1,115	0	0	30,444	43,740
Jetta	0	700	0	0	5,553	14,543
Total Cars, U.S.	163,466	150,582	165,997	455,351	6,348,694	6,425,405
Total Cars, Canada	17,883	19,613	16,207	50,786	938,190	705,565
U.S., Canada Cars	181,349	170,195	182,204	506,137	7,286,884	7,130,970
U.S., Canada Cars and Trucks	294,990	271,680	292,207	816,900	11,820,604	11,319,719

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes the MX-6 and Ford Probe.

CANADIAN CAR	Week Ended Nov. 19, 1988	Week Ended Nov. 21, 1987	Week Ended Nov. 12, 1988	Nov. to Date	Jan. 1 to Nov. 19, 1988	Jan. 1 to Nov. 21, 1987
Eagle	0	—	0	0	0	—
Premier	1,275	—	1,277	3,622	53,963	—
CHRYSLER MOTORS	1,275	114	1,277	3,622	53,963	6,881
Escort	0	—	0	0	0	—
Lynx	0	—	0	0	0	—
Tempo	3,268	—	2,320	8,195	153,805	—
Topaz	1,628	—	1,124	4,022	61,175	—
Crown Victoria	2,895	—	2,939	8,100	115,360	—
Grand Marquis	2,865	—	2,887	8,122	117,135	—
FORD MOTOR CO.	10,656	8,037	9,270	28,440	447,344	386,434
Celebrity	427	—	397	1,169	18,812	—
Cutlass Ciera	3,845	—	3,574	10,161	201,034	—
Cutlass Supreme	0	—	0	0	0	—
Grand Prix	0	—	0	0	0	—
Pontiac 6000	0	—	0	0	29,690	—
Regal	0	—	0	2,727	139,603	—
GENERAL MOTORS	4,272	10,958	3,971	14,057	389,139	290,859
Civic	1,500	—	1,545	4,199	40,254	—
Accord	0	—	0	0	1,626	—
HONDA	1,500	504	1,545	4,199	42,082	13,402
VOLVO	180	0	144	468	5,662	7,989
Total Cars, Canada	17,883	19,613	16,207	50,786	938,190	705,565

U.S. TRUCK☆	Week Ended Nov. 19, 1988	Week Ended Nov. 21, 1987	Week Ended Nov. 12, 1988	Nov. to Date	Jan. 1 to Nov. 19, 1988	Jan. 1 to Nov. 21, 1987
Caravan	2,300	—	2,078	6,229	82,438	—
Dakota	2,300	—	2,235	6,481	97,166	—
Mini-Ram Van	150	—	238	583	11,051	—
Pickups	2,300	—	2,238	6,485	75,674	—
Total Dodge	7,050	9,095	6,789	19,778	266,329	279,576
Cherokee	4,500	—	4,804	12,167	167,230	—
Commanche	900	—	846	2,366	39,925	—
Grand Wagoneer	300	—	350	928	12,599	—
Pickups	0	—	0	0	0	—
Wagoneer	200	—	202	579	9,768	—
Total Jeep	5,900	4,545	6,002	16,040	229,523	201,362
Voyager	2,100	—	1,888	5,638	76,594	—
Total Plymouth	2,100	—	1,888	5,638	75,959	—
CHRYSLER MOTORS	15,050	13,640	14,679	41,455	568,900	480,938
Aerostar	4,299	—	4,042	10,443	185,046	—
Bronco	1,811	—	1,686	4,931	50,848	—
Bronco II	2,941	—	2,706	7,759	108,631	—
Econoline	5,599	—	5,481	15,245	217,746	—
Heavy trucks	1,307	—	1,311	3,864	58,725	—
Light trucks	11,179	—	10,618	30,027	442,026	—
Ranger	7,230	—	6,232	17,908	290,744	—
Total Ford Div.	34,366	32,603	32,076	89,976	1,353,766	1,334,398
FORD MOTOR CO.	34,366	32,603	32,076	89,976	1,353,766	1,334,398
Astro	3,491	—	4,261	10,675	153,998	—
Blazer	505	—	529	1,542	23,702	—
Mediums/Heavies	360	—	444	1,120	17,998	—
P-Model	0	—	897	1,679	36,773	—
Pickups	8,678	—	8,132	24,136	326,670	—
S-10	6,921	—	6,012	17,796	274,039	—
S-10 Blazer	4,257	—	4,437	11,559	153,763	—
Sportsvan/Van	1,807	—	2,246	5,415	86,209	—
Suburban	1,374	—	1,408	4,108	63,364	—
Total Chevrolet	27,393	23,406	28,366	78,031	1,143,516	1,021,910
Jimmy	148	—	167	481	6,924	—
Mediums/Heavies	590	—	507	1,543	32,246	—
P-Model	0	—	123	176	4,679	—
Pickups	2,682	—	2,651	7,867	101,148	—
S-15	1,544	—	1,294	4,461	62,719	—
S-15 Jimmy	1,203	—	1,152	3,225	43,231	—
Safari	894	—	976	2,476	40,801	—
Suburban	584	—	675	1,897	28,148	—
Vandura/Rally Vans	574	—	675	1,746	30,813	—
Total GMC	8,219	6,212	8,220	23,874	350,309	342,603
GENERAL MOTORS	35,612	29,620	36,586	101,905	1,493,825	1,364,513
NAVISTAR	1,970	1,686	1,733	5,003	77,486	67,430
NISSAN	2,440	3,380	2,399	6,649	83,809	88,314
AM GENERAL*	450	450	450	1,260	20,610	15,300
MISCELLANEOUS*	2,300	2,300	2,300	6,440	105,340	105,960
Total Trucks, U.S.	92,186	83,679	90,223	252,689	3,703,736	3,454,873

CANADIAN TRUCK	Week Ended Nov. 19, 1988	Week Ended Nov. 21, 1987	Week Ended Nov. 12, 1988	Nov. to Date	Jan. 1 to Nov. 19, 1988	Jan. 1 to Nov. 21, 1987
Caravan	3,286	—	3,099	8,872	126,719	—
Mini-Ram Van	201	—	187	538	10,873	—
Ram Wagon	665	—	500	1,675	23,752	—
Ram Van	1,685	—	1,448	4,552	64,862	—
Total Dodge	5,837	8,107	5,234	15,637	226,206	347,544
Voyager	2,545	—	2,386	6,968	113,583	—
Total Plymouth	2,545	—	2,386	6,968	113,583	—
Wrangler	1,248	—	1,304	3,569	46,215	—
Total Jeep	1,248	726	1,304	3,569	46,215	32,288
CHRYSLER MOTORS	9,630	8,833	8,924	26,174	386,004	379,832
FORD MTR. (lt. trks.)	3,648	2,727	3,588	10,125	145,234	135,671
Light trucks	4,169	—	3,383	10,429	139,072	—
Vans	1,566	—	1,503	4,338	53,927	—
Total Chevrolet	5,735	—	4,886	14,767	192,999	—
Light trucks	1,591	—	1,507	4,494	68,571	—
Vans	579	—	600	1,752	26,703	—
Total GMC	2,170	—	2,107	6,246	95,274	—
GENERAL MOTORS	7,905	6,021	6,993	21,012	286,273	209,573
NAVISTAR	270	225	275	763	10,473	8,900
Total Trks., Canada	21,453	17,806	19,780	58,074	829,984	733,876
U.S., Canada Trks.	113,641	101,485	110,003	310,763	4,533,720	4,188,749

☆—Includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.